

Maurice Hinchey NEWS

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HINCHEY OPPOSES HOUSE CORPORATE FRAUD BILL

SAYS BILL IS DESIGNED TO WEAKEN SENATE VERSION

WASHINGTON - U.S. Representative Maurice Hinchey (NY-26) today voted against what he called a sham corporate fraud bill introduced by House Republicans. While he strongly favors increased oversight of the auditing process and stiffer penalties for corporate fraud, Hinchey criticized H.R. 5118 as a cynical attempt to weaken stronger legislation passed by the Senate.

"This bill allows my colleagues to look like they're cracking down on the fraudulent activities that went on at places like Enron and WorldCom," said Hinchey. "What's really happening, though, is that those in the House who want to protect their corporate friends have realized that some sort of reform is inevitable. Now they want to make sure the reform legislation is as weak as possible."

Earlier this year, the House passed H.R. 3763, the Corporate and Auditing Accountability and Responsibility Act. Hinchey voted against that legislation, instead supporting a stronger substitute. The Senate yesterday passed S.2673, the Public Company Accounting and Investor Protection Act of 2002 by a vote of 97-0. The bill the House passed today was written in response to the Senate bill as an attempt to put the House in a stronger negotiating position when differences between the two bills are resolved in a conference committee.

"The Senate bill is much stronger than the bill we passed today," Hinchey added. "The House is trying to look as tough as the Senate, but this new bill is just for show. It has absolutely no requirement that auditors maintain their work papers for any period of time; it fails to grant defrauded investors additional time to bring civil action against perpetrators; and it includes no civil protection for corporate whistleblowers. The increased penalties in this bill are a charade. What good are stiff penalties when the bill provides no means to catch the perpetrators?"

"There's a negotiation that needs to take place between House and Senate conferees before we can send a bill to the president. Throwing this new bill into the mix puts proponents of the stronger Senate legislation into a weaker position. The House's action today makes real reform much less likely."